

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Activity Status Report
Credit Enhancement Program

ITEM NUMBER: 8

ATTACHMENT(S): 2

ACTION: _____

DATE OF MEETING: January 13, 1999

INFORMATION: X

PRESENTER(S): Mssrs. Rose and Secord

EXECUTIVE SUMMARY

STRS has provided credit enhancement for the following three transactions during the month of November, 1998:

The first transaction is for the City of Santa Paula (Ventura County) and is being used to provide credit enhancement and liquidity in support of a 1996 bond issue (\$25.4 million). The STRS Credit Enhancement is being added in order to lower the interest rate on the bonds. The proceeds of this issue were used to finance the acquisition of the City's water system. STRS is wrapping a bank. This transaction closed on 11/18/98.

The second transaction involves an Industrial Development Revenue (IDB) bond originally issued in 1986. STRS is replacing the initial letter-of-credit provider (\$1.1 million). The borrower is Transamerican Plastics Company of Ontario, California. Transamerican Plastics manufactures polyethylene products. The proceeds from the 1986 bond issue purchased a building to house the Company's general offices and its main manufacturing operations. STRS is wrapping a bank. This transaction closed on 11/9/98.

The third transaction involves an Industrial Development Revenue (IDB) bond originally issued in 1986. STRS is replacing the initial letter-of-credit provider (\$2.1 million). The borrower is Master-Halco of La Habra, California. The primary business of Master-Halco is the manufacturing of fencing materials. The proceeds from the 1986 bond issue were used to purchase land and to finance the construction of a manufacturing and distribution facility. STRS is wrapping a bank. This transaction closed on 11/9/98.

One transaction was refinanced to a fixed rate: STRS #12 - Point Loma Nazarene College (\$25 million). STRS no longer has an obligation for this credit.

1. Santa Paula Water Systems Acquisition Project/Ventura County.

The purpose of the original issue in 1986 was to provide credit enhancement and liquidity in support of a bond issue of the City of Santa Paula. The proceeds of the original \$25.4 million issue were used to finance the acquisition of the City's water system from its then current owner, Santa Paula Waterworks, Ltd. and operate the facility as an enterprise fund of the City. The city of Santa Paula (population 26,892 -FY1998) has recently been experiencing modest growth in its population and in assessed valuations. The original bonds have been paid down to \$24.4 million which is the amount of STRS commitment. STRS will wrap a bank.

2. Transamerican Holding/Transamerican Plastics, Inc., IDB/San Bernardino County.

Transamerican Holding/Transamerican Plastics, Inc. a California corporation organized in January, 1984, has its headquarters at Ontario, California. The primary business of Transamerican Plastics is the manufacturing of polyethylene blown film. Originally issued in 1986, this project, estimated to cost \$2,833,109, consists of a tilt-up building containing 100,000 square feet of space which house the general offices of Transamerican Plastics and its main manufacturing operations. The project is located in Ontario, California. An estimated 60 full-time and 10 seasonal jobs were created as a result of the bond financing. STRS' commitment amount is \$2.1 million. STRS will wrap a bank.

3. Master-Halco, Inc., IDB/San Bernardino County

Master-Halco, Inc., a California corporation, organized in June, 1973, has its headquarters at La Habra, California. The primary business of Master-Halco is the manufacturing of fencing materials. Originally issued in 1986, this transaction involved the purchase of 18 acres of land which was improved by the construction of three buildings, containing approximately 85,000 square feet of space, which is used as a manufacturing and distribution facility. The project is located in Fontana, California. An estimated 102 jobs were created as a result of the bond financing. STRS' commitment amount is \$1.1 million.

STRS CREDIT ENHANCEMENT PROGRAM
PROGRAM SUMMARY AS OF DECEMBER 15, 1998

Attachment 1
Item 8

Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1998 - 99 Fee Income	Fee Income To Date
DIRECT RISK								
Port of Long Beach	Liquidity	Jun-94	Feb-00	\$75,000,000	\$0	\$75,000,000	\$52,123	\$199,135
Bridge - Richmond Townhomes	Expired. Redeemed as of Feb-97.							\$15,096
USA Waste Industries	Credit	Nov-94	Nov-99	\$9,764,121	\$0	\$9,764,121	\$46,108	\$227,007
Sanifill, Inc.	Expired. Redeemed as of Jan-98.			\$0	\$0	\$0	\$43,809	\$87,618
San Diego Unified Port District (20)	Credit	Oct-97	Oct-02	\$35,000,000	\$1,365,243	\$36,365,243	\$13,079	\$38,332
San Diego Unified Port District (21)	Credit	Oct-97	Oct-02	\$15,000,000	\$585,104	\$15,585,104	\$13,079	\$25,832
Pasadena Parking Authority	Credit	Jan-98	Jan-03	\$9,000,000	\$693,750	\$9,693,750	\$15,552	\$20,822
Pasadena Rosebowl (22)	Credit	Jun-98	Jun-01	\$15,600,000	\$276,956	\$15,876,956	\$7,668	\$7,668
DIRECT RISK - SECURED								
Buck Research on Aging	Credit	Dec-96	Dec-99	\$27,500,000	\$397,808	\$27,897,808	\$93,186	\$369,466
BOND INSURED								
Adventist West	Credit	Feb-98	Feb-05	\$114,500,000	\$1,693,973	\$116,193,973	\$93,384	\$141,568
DIRECT PAY LETTERS OF CREDIT								
Pt. Loma College	Expired. Redeemed as of Nov-98.			\$0	\$0	\$0	\$69,260	\$360,334
City of Visalia (California)	Credit	Sep-96	Sep-01	\$3,385,000	\$70,111	\$3,455,111	\$17,094	\$49,170
LA Fairplex	Credit	Jul-97	Jul-01	\$17,900,000	\$698,224	\$18,598,224	\$51,997	\$163,340
Master-Halco Series 1986-II	Credit	Nov-98	Nov-01	\$1,900,000	\$39,978	\$1,939,978	\$1,000	\$1,000
TransAmerica Series 1986-V	Credit	Nov-98	Nov-01	\$1,050,000	\$22,093	\$1,072,093	\$1,000	\$1,000
CSCDA - IDB's								
Series 1994B								
Propak of California	Credit	Nov-94	Nov-01	\$2,720,000	\$60,809	\$2,780,809	\$2,504	\$47,681
J. Michelle/Edie Lee	Credit	Nov-94	Nov-01	\$2,000,000	\$44,712	\$2,044,712	\$2,393	\$50,000
Pasco Scientific	Credit	Dec-94	Dec-00	\$2,295,000	\$51,307	\$2,346,307	\$2,443	\$48,479
American River Packaging	Credit	Dec-94	Dec-00	\$1,725,000	\$38,564	\$1,763,564	\$1,776	\$30,787
Lance Camper Manuf.	Credit	Dec-94	Dec-00	\$3,225,000	\$72,099	\$3,297,099	\$3,408	\$59,434
CSCDA - IDB's								
Series 1989-90								
Intermountain Trading	Credit	Feb-95	Feb-01	\$290,000	\$6,483	\$296,483	\$473	\$7,699
Andercraft Products	Credit	Feb-95	Feb-01	\$775,000	\$17,326	\$792,326	\$1,512	\$24,419
Sunclipse, Inc. (Alhambra)	Credit	Feb-95	Feb-01	\$3,200,000	\$71,540	\$3,271,540	\$3,106	\$43,858
Sunclipse, Inc. (Union City)	Credit	Feb-95	Feb-01	\$2,135,000	\$47,730	\$2,182,730	\$2,132	\$32,560
Busseto Foods, Inc. (Rapelli of CA)	Credit	Mar-95	Mar-01	\$2,500,000	\$55,890	\$2,555,890	\$2,466	\$34,541

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Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1998 - 99 Fee Income	Fee Income To Date
AHNNN, Inc.	Expired.	Redeemed as of Sept-97.		\$0	\$0	\$0	\$0	\$9,416
Zarn, Inc.	Credit	Mar-95	Feb-01	\$610,000	\$13,637	\$623,637	\$2,302	\$21,932
Marcel & Marge Schurman	Credit	Mar-95	Feb-01	\$1,625,000	\$36,329	\$1,661,329	\$3,843	\$28,149
Charles & Loralie Harris	Credit	Mar-95	Feb-01	\$2,310,000	\$51,643	\$2,361,643	\$5,132	\$37,470
American Zettler	Credit	Mar-95	Mar-01	\$2,070,000	\$46,277	\$2,116,277	\$4,082	\$28,380
Aqua Serv Engineering	Credit	Mar-95	Mar-01	\$1,420,000	\$31,746	\$1,451,746	\$5,040	\$37,519
Contech Engineering Prod.	Credit	Mar-95	Mar-01	\$1,320,000	\$29,510	\$1,349,510	\$2,569	\$19,846
Evapco, Inc.	Credit	Mar-95	Mar-01	\$495,000	\$11,066	\$506,066	\$1,014	\$8,306
Florestone Products Co.	Credit	Mar-95	Mar-01	\$1,480,000	\$33,087	\$1,513,087	\$2,870	\$22,927
Grundfos Pumps Company	Credit	Mar-95	Mar-01	\$6,000,000	\$134,137	\$6,134,137	\$11,055	\$72,725
Instrument Specialities Co.	Credit	Mar-95	Mar-01	\$685,000	\$15,314	\$700,314	\$1,371	\$12,325
McCain Citrus	Credit	Mar-95	Mar-01	\$3,000,000	\$67,068	\$3,067,068	\$4,785	\$32,300
Mc Elroy Metal Mills, Inc.	Credit	Mar-95	Mar-01	\$440,000	\$9,837	\$449,837	\$1,020	\$11,555
NRI, Inc.	Credit	Mar-95	Mar-01	\$1,505,000	\$33,646	\$1,538,646	\$2,877	\$20,918
W & H Voortman, Inc.	Credit	Mar-95	Mar-01	\$2,460,000	\$54,996	\$2,514,996	\$3,969	\$28,450
Image Laboratories, Inc.	Expired.	Redeemed as of Dec-96.		\$0	\$0	\$0	\$0	\$26,854
Allwire, Inc.	Credit	Mar-95	Mar-01	\$300,000	\$6,707	\$306,707	\$1,323	\$9,424
Fairway Molds, Inc.	Credit	Mar-95	Mar-01	\$600,000	\$13,414	\$613,414	\$2,715	\$20,533
S & P Investments	Credit	Mar-95	Mar-01	\$1,165,000	\$26,045	\$1,191,045	\$2,947	\$21,985
Northwest Pipe & Casing	Credit	Apr-95	Apr-01	\$3,000,000	\$67,068	\$3,067,068	\$3,043	\$45,814
Reliance Upholstery	Expired.	Redeemed as of Oct-98.		\$0	\$0	\$0	\$633	\$8,987
Zieman Manufacturing	Credit	Apr-95	Apr-01	\$420,000	\$9,390	\$429,390	\$684	\$9,720
CSCDA - IDB's								
Series 1995A								
Carvin Corporation	Credit	Jun-95	Aug-01	\$2,230,000	\$49,854	\$2,279,854	\$4,852	\$37,909
Leegin Creative Leather Prod.	Expired.	Redeemed as of Dec-97.		\$0	\$0	\$0	\$0	\$19,469
Kennerley-Spratling	Credit	Jun-95	Aug-01	\$2,760,000	\$61,703	\$2,821,703	\$5,927	\$45,536
Vantage Properties	Credit	Jun-95	Aug-01	\$1,580,000	\$35,323	\$1,615,323	\$3,590	\$25,954
BNG Properties, LLC	Expired.	Redeemed as of Aug-96.		\$0	\$0	\$0	\$0	\$12,253
Staub Metals, Inc.	Credit	Aug-95	Aug-01	\$1,020,000	\$22,803	\$1,042,803	\$2,861	\$22,248
Aerostar Partners, Inc.	Credit	Sep-95	Sep-01	\$4,395,000	\$98,255	\$4,493,255	\$4,319	\$55,021
Walker Spring and Stamping Corp.	Credit	Sep-95	Sep-01	\$3,400,000	\$76,011	\$3,476,011	\$3,479	\$44,282
Encore Video, Inc.	Expired.	Redeemed as of Oct-98.		\$0	\$0	\$0	\$987	\$11,325
EuroDesign Cabinets, Inc.	Credit	Sep-95	Sep-01	\$905,000	\$20,232	\$925,232	\$1,209	\$14,842
South Bay Circuits, Inc.	Credit	Sep-95	Sep-01	\$1,800,000	\$40,241	\$1,840,241	\$2,037	\$25,237
W & H Voortman, Inc.	Credit	Sep-95	Sep-01	\$1,020,000	\$22,803	\$1,042,803	\$1,269	\$14,549
Red Line Oil Co.	Credit	Nov-95	Nov-01	\$1,035,000	\$23,139	\$1,058,139	\$1,274	\$17,150
Johansen Dielectrics	Credit	Nov-95	Nov-01	\$1,950,000	\$43,595	\$1,993,595	\$2,426	\$35,313
Peet's Coffee	Credit	Dec-95	Dec-00	\$2,620,000	\$58,573	\$2,678,573	\$3,098	\$40,206

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Safariland	Credit	Sep-96	Sep-01	\$3,700,000	\$76,636	\$3,776,636	\$2,684	\$22,528
Control Air Conditioning	Credit	Jun-97	Jun-01	\$4,600,000	\$83,178	\$4,683,178	\$10,698	\$45,682
CSCDA - IDB Series 1996M Cordeiro Vault Co., Inc.	Credit	Dec-96	Dec-00	\$1,070,000	\$23,921	\$1,093,921	\$2,928	\$13,320
CSCDA - IDB Series 1996M Fibrebond West, Inc.	Credit	Dec-96	Dec-00	\$6,410,000	\$143,303	\$6,553,303	\$14,353	\$70,276
CONFIRMING LETTERS OF CREDIT								
Confirmation #1 Suncreek Apts.	Credit	Apr-96	Apr-01	\$6,800,000	\$78,247	\$6,878,247	\$17,366	\$119,602
Confirmation #2 CMIG LLC	Terminated as of August 28, 1998.			\$0	\$0	\$0	\$2,153	\$5,514
Confirmation #3 Monrovia Redevelopment Agency	Credit	Jan-98	Jan-01	\$8,600,000	\$229,727	\$8,829,727	\$8,847	\$28,541
Confirmation #4 & #5 First Class Foods / Alliance	Credit	Apr-98	Apr-03	\$3,750,000	\$55,479	\$3,805,479	\$5,708	\$5,708
Confirmation #6 Western Saw	Credit	Jun-98	Jun-03	\$3,600,000	\$53,260	\$3,653,260	\$1,867	\$7,347
Confirmation #8 Delta Tau Data Systems	Credit	Aug-98	Aug-01	\$5,800,000	\$85,808	\$5,885,808	\$8,829	\$8,829
Confirmation #9 Dix Metals	Credit	Sep-98	Sep-01	\$5,560,000	\$82,258	\$5,642,258	\$8,463	\$8,463
Confirmations #10 & #11 City of Fillmore	Credit	Sep-98	Sep-01	\$13,070,000	\$249,225	\$13,319,225	\$27,091	\$27,091
Confirmation #12 Accurate Engineering	Credit	Oct-98	Oct-01	\$5,000,000	\$73,973	\$5,073,973	\$7,610	\$7,610
Confirmation #13 The Terraces/Park Marino	Credit	Oct-98	Oct-01	\$8,000,000	\$131,507	\$8,131,507	\$12,198	\$12,198
Confirmation #14 Santa Paula (Water Supply)	Credit	Nov-98	Oct-01	\$24,500,000	\$467,178	\$24,967,178	\$0	\$0
TOTAL:				\$502,544,121	\$9,386,852	\$511,930,973	\$771,953	\$3,426,382

STRS CREDIT ENHANCEMENT PROGRAM
BANK EXPOSURE
PROGRAM SUMMARY AS OF DECEMBER 15, 1998

Deal	Commitment	Interest	Total	Portfolio Percentage
PARTNER INSTITUTION				
Port of Long Beach				
Canadian Imperial Bank of Commerce (CIBC)	\$75,000,000	\$0	\$75,000,000	14.92%
Buck Research Center on Aging				
(CIBC)	\$27,500,000	\$397,808	\$27,897,808	5.47%
USA Waste Industries				
Bank of California	\$9,764,121	\$0	\$9,764,121	1.94%
San Diego Unified Port District				
(CIBC)	\$35,000,000	\$1,365,243	\$36,365,243	6.96%
San Diego Unified Port District				
(CIBC)	\$15,000,000	\$585,104	\$15,585,104	2.98%
Pasadena Parking Authority				
(CIBC)	\$9,000,000	\$693,750	\$9,693,750	1.79%
Pasadena Rose Bowl				
(CIBC)	\$15,600,000	\$276,956	\$15,876,956	3.10%
TOTAL - PARTNER INSTITUTIONS	\$186,864,121	\$3,318,861	\$190,182,982	37.18%
DIRECT FINANCIAL INSTITUTION EXPOSURE				
MBIA	\$114,500,000	\$1,693,973	\$116,193,973	22.78%
Union Bank of California, N.A.	\$67,555,000	\$1,385,372	\$68,940,372	13.44%
Sanwa Bank of California	\$23,025,000	\$405,705	\$23,430,705	4.58%
Tokai Bank	\$17,900,000	\$698,224	\$18,598,224	3.56%
City National Bank	\$16,745,000	\$264,332	\$17,009,332	3.33%
Bank of America	\$15,730,000	\$351,662	\$16,081,662	3.13%
Wells Fargo Bank	\$9,655,000	\$213,350	\$9,868,350	1.92%
General Bank	\$8,600,000	\$229,727	\$8,829,727	1.71%
US Bank of California	\$6,800,000	\$78,247	\$6,878,247	1.35%
Bank of Nova Scotia	\$6,480,000	\$144,868	\$6,624,868	1.29%
Hibernia National Bank	\$6,410,000	\$143,303	\$6,553,303	1.28%
Comerica Bank - California	\$4,420,000	\$98,814	\$4,518,814	0.88%
Imperial Bank of California	\$3,700,000	\$76,636	\$3,776,636	0.74%
Pacific Century Bank, N.A.	\$3,600,000	\$53,260	\$3,653,260	0.72%
The Fuji Bank, Limited	\$3,385,000	\$70,111	\$3,455,111	0.67%
Istituto Bancario San Paolo Di Torino Spa	\$2,500,000	\$55,890	\$2,555,890	0.50%
Mellon Bank	\$1,320,000	\$29,510	\$1,349,510	0.26%
Fleet Bank	\$1,020,000	\$22,803	\$1,042,803	0.20%
CoreStates Bank	\$685,000	\$15,314	\$700,314	0.14%
Societe Generale	\$610,000	\$13,637	\$623,637	0.12%
1st Business Bank	\$600,000	\$13,414	\$613,414	0.12%
National Bank of Canada	\$440,000	\$9,837	\$449,837	0.09%
TOTAL - FINANCIAL INSTITUTIONS	\$315,680,000	\$6,067,991	\$321,747,991	62.82%
TOTAL EXPOSURE	\$502,544,121	\$9,386,852	\$511,930,973	100.00%